



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Del D. Borgsdorf

**SUBJECT: 2004-2005 PROPOSED OPERATING  
BUDGET: ACCELERATED PROPOSALS**

**DATE:** April 26, 2004

Council District: City-wide

## **RECOMMENDATION**

It is recommended that the City Council:

1. Approve the acceleration of 2004-2005 Proposed Operating Budget proposals as recommended in this memorandum and detailed in Attachments A and B.
2. Direct staff to utilize the 2003-2004 General Fund savings associated with the acceleration of the 2004-2005 Proposed Operating Budget proposals toward meeting the 2003-2004 Ending/2004-2005 Beginning General Fund Balance Estimate.
3. Direct staff to bring back 2003-2004 appropriation ordinance and funding sources resolution amendments necessary to implement these proposals as part of the June Operating and Capital Year-End Adjustments memorandum.

## **BACKGROUND**

As part of the Mayor's 2003-2004 Mid-Year Budget Actions Memorandum, approved by the City Council on February 17, 2004, the Administration was directed to accelerate 2004-2005 Proposed Operating Budget proposals for implementation this year, rather than waiting for July 1. In addition to other savings measures continued or put in place in 2003-2004, the purpose of this acceleration was to begin to accumulate additional General Fund savings by the end of this year.

## **ANALYSIS**

Attachments A and B contain the summary and detail information for the proposals recommended for acceleration. The Proposal Summary (Attachment A) includes the following information: City Service Area (CSA), proposal title, position full-time equivalency (FTE), 2003-2004 savings generated in all City funds and the General Fund, and 2004-2005 savings generated in all City funds and the General Fund. The Proposal Detail (Attachment B) includes, by CSA, the detailed information regarding the recommended change with performance results provided.

**ANALYSIS** (Cont'd.)

The proposals, all of which will be contained in the 2004-2005 Proposed Operating Budget, recommended to be accelerated are those that we believe would have minimal or no negative service level impacts once implemented. Several of the proposals involve funding shifts from the General Fund to Special Funds, "right-sizing" staffing levels for the Capital Improvement Program, or eliminating vacant positions where the duties have been absorbed by remaining staff. One proposal implements a change to the Commercial Solid Waste Franchise Fee and is recommended to be accelerated to provide for the time necessary for all of the public hearings which would be required to begin receiving the additional revenue on July 1.

The following chart summarizes the cost savings that would be generated in both 2003-2004 and 2004-2005 from these accelerated proposals. In 2003-2004, a savings total of \$652,000 would be generated in all City funds, with \$392,000 generated in the General Fund. For 2004-2005, a savings total of \$3.7 million would be generated in all City funds, with \$2.1 million generated in the General Fund.

**2004-2005 Proposed Operating Budget: Accelerated Proposals Summary**

CSA	Positions	<b><u>2003-2004 Savings</u></b>		<b><u>2004-2005 Savings</u></b>	
		<b>All Funds(\$)</b>	<b>General Fund (\$)</b>	<b>All Funds(\$)</b>	<b>General Fund (\$)</b>
Environmental and Utility Services	0.00	(7,323)	(100,000)	(533,935)	(673,472)
Public Safety*	(1.00)	(17,491)	(17,491)	(105,148)	(105,148)
Recreation and Cultural Services	(1.00)	0	(65,844)	(89,709)	(484,774)
Transportation Services	(5.00)	(70,385)		(422,309)	
Strategic Support	(28.00)	(556,493)	(208,396)	(2,562,457)	(794,101)
<b>TOTAL</b>	<b>(35.00)</b>	<b>(651,692)</b>	<b>(391,731)</b>	<b>(3,713,558)</b>	<b>(2,057,495)</b>

The 2003-2004 General Fund savings (\$392,000) generated from the accelerated proposals are recommended to be utilized toward meeting the 2003-2004 Ending/2004-2005 Beginning General Fund Balance Estimate. Current monitoring of General Fund expenditures and revenue performance indicates that meeting the forecasted Fund Balance Estimate will be a close call. If, however, the additional savings generated by these accelerated proposals prove to result in additional Fund Balance beyond our estimated level, it is recommended that any such surplus be placed in a 2005-2006 Future Deficit Reserve. The 2004-2005 General Fund savings (\$2.1 million) would be utilized as part of the budget balancing strategy as detailed in the 2004-2005 Proposed Operating Budget. It should be noted that in order to implement these proposals this

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**ANALYSIS** (Cont'd.)

year, the Administration would bring back for City Council approval necessary 2003-2004 appropriation ordinance and funding sources resolution amendments as part of the June Operating and Capital Year-End Adjustments memorandum.

DEL D. BORGS DORF

City Manager

Attachments:

Attachment A – 2004-2005 Proposed Operating Budget: Accelerated Proposals Summary

Attachment B – 2004-2005 Proposed Operating Budget: Accelerated Proposals Detail

# CITY OF SAN JOSE

## 2004-2005 PROPOSED OPERATING BUDGET: ACCELERATED PROPOSALS Proposal Summary

Proposed Changes	Positions	2003-2004 All Funds (\$)	2003-2004 General Fund (\$)	2004-2005 All Funds (\$)	2004-2005 General Fund (\$)
<b>Environmental &amp; Utility Services CSA</b>					
1. Commercial Solid Waste Franchise Fees <i>Environmental Services Department</i>	0.00	0	0	(490,000)	(490,000)
2. Water Pollution Control Plant Staffing <i>Environmental Services Department</i>	0.00	(7,323)	0	(43,935)	16,528
3. Storm Response Funding Shift <i>Transportation Department</i>	0.00	0	(100,000)	0	(200,000)
<b>Public Safety CSA</b>					
4. Police Property, Evidence, and Central Supply Staffing <i>Police Department</i>	(1.00)	(17,491)	(17,491)	(105,148)	(105,148)
<b>Recreation &amp; Cultural Services CSA</b>					
5. Community Action and Pride Grant Program <i>City-Wide Expenses/ Parks, Recreation &amp; Neigh Services Department</i>	(1.00)	0	0	(89,709)	(89,709)
6. Parks Capital Improvement Program Division Funding Shift <i>Parks, Recreation &amp; Neigh Services Department</i>	0.00	0	(65,844)	0	(395,065)
<b>Transportation Services CSA</b>					
7. Right-Sizing of Traffic Capital Improvement Program Staffing <i>Transportation Department</i>	(5.00)	(70,385)	0	(422,309)	0
<b>Strategic Support CSA</b>					
8. Benefits Administration Funding Shift <i>Employee Services Department</i>	0.00	0	0	0	(309,189)
9. Safety Analyst Funding Shift <i>Employee Services Department</i>	0.00	(93,688)	(93,688)	(93,688)	(93,688)
10. Service Yards Management Funding Shift <i>General Services Department</i>	0.00	0	(23,828)	0	(150,410)

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## 2004-2005 PROPOSED OPERATING BUDGET: ACCELERATED PROPOSALS Proposal Summary (Cont'd.)

Proposed Changes	Positions	2003-2004 All Funds (\$)	2003-2004 General Fund (\$)	2004-2005 All Funds (\$)	2004-2005 General Fund (\$)
<b>Strategic Support CSA (Cont'd.)</b>					
11. Software/Hardware Technology Efficiencies <i>Information Technology Department</i>	0.00	(62,000)	(62,000)	(62,000)	(62,000)
12. Technology Support Staffing Funding Shift <i>Information Technology Department</i>	0.00	0	(28,880)	0	(178,814)
13. Right-Sizing of Public Works Capital Improvement Program Staffing <i>Public Works Department</i>	(28.00)	(400,805)	0	(2,406,769)	0
<b>PROPOSED CHANGES TOTAL</b>	<b>(35.00)</b>	<b>(651,692)</b>	<b>(391,731)</b>	<b>(3,713,558)</b>	<b>(2,057,495)</b>

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## 2004-2005 PROPOSED OPERATING BUDGET: ACCELERATED PROPOSALS Proposal Detail

Proposed Changes	Positions	2004-2005 All Funds (\$)	2004-2005 General Fund (\$)
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### Environmental & Utility Services CSA

- |   |             |                  |                  |
|---|-------------|------------------|------------------|
| <b>1. Commercial Solid Waste Franchise Fees</b> | <b>0.00</b> | <b>(490,000)</b> | <b>(490,000)</b> |
| <i>Environmental Services Department</i>        |             |                  |                  |

This proposal would protect smaller commercial franchise haulers and generate, in 2004-2005, an additional \$490,000 in General Fund Commercial Solid Waste Franchise Fees by removing an annual exemption (first 21,600 cubic yards disposed) provided to franchised commercial haulers that provide "front loader" service. The annual exemption, originally implemented to encourage small businesses and promote a competitive commercial market, would continue for "non-front" loader franchises. Accelerated approval of this proposal is required to ensure proper notification to commercial haulers for implementation on July 1<sup>st</sup>. Delayed implementation may result in the inability to collect these additional revenues in 2004-2005. (Ongoing revenue: \$490,000)

**Performance Results:**

N/A

- |  |             |                 |               |
|--|-------------|-----------------|---------------|
| <b>2. Water Pollution Control Plant Staffing</b> | <b>0.00</b> | <b>(43,935)</b> | <b>16,528</b> |
| <i>Environmental Services Department</i>         |             |                 |               |

This action would eliminate 7.0 vacant positions: 3.0 Environmental Services Specialists, 2.0 Marketing/Public Outreach Representatives, 1.0 Accountant, and 1.0 Office Specialist. This action also adds 7.0 positions (5.0 Plant Mechanics and 2.0 Electricians) to both reduce costs and address a reprioritization of staffing skill sets necessary to focus on Water Pollution Control Plant mechanical and electrical needs. The new staff would address aging Plant infrastructure, start a Mechanic-in-Training program, and provide additional electrical maintenance support. Implementation of this proposal will generate 2003-2004 savings of \$7,323. (Ongoing savings: \$43,935)

**Performance Results:**

**Cycle Time** Cycle times for preventative maintenance and repairs would improve. **Customer Satisfaction** Minimal service level impacts would result from the deleted positions due to a lower level of marketing outreach activities and a redistribution of work to existing staff. Decreased cycle times would allow for greater customer satisfaction from the operations personnel as well as increased Plant reliability and process readiness. The change in staffing would provide the Water Pollution Control Plant with the mechanical and electrical staff needed to keep the Plant maintained and functioning efficiently.

- |  |             |          |                  |
|--|-------------|----------|------------------|
| <b>3. Storm Response Funding Shift</b> | <b>0.00</b> | <b>0</b> | <b>(200,000)</b> |
| <i>Transportation Department</i>       |             |          |                  |

This proposal would transfer \$200,000 in storm response expenses from the General Fund to the Storm Sewer Operating Fund, retroactive to July 1, 2003. Previously, costs associated with responding to storm events had been borne exclusively by the General Fund. It has now been determined that activities, such as catch basin cleaning, contribute to the maintenance of the storm sewer system and can appropriately be charged to the Storm Sewer Operating Fund. Implementation of this proposal will generate 2003-2004 savings of \$100,000. (Ongoing savings: \$200,000)

**Performance Results:**

No changes in service levels are anticipated to result from this action.

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## 2004-2005 PROPOSED OPERATING BUDGET: ACCELERATED PROPOSALS Proposal Detail (Cont'd.)

Proposed Changes	Positions	2004-2005 All Funds (\$)	2004-2005 General Fund (\$)
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### Public Safety CSA

- |  |               |                  |                  |
|--|---------------|------------------|------------------|
| <b>4. Police Property, Evidence, and Central Supply Staffing</b> | <b>(1.00)</b> | <b>(105,148)</b> | <b>(105,148)</b> |
| <i>Police Department</i>   |               |                  |                  |

This action eliminates a recently vacated Police Property Supervisor who oversees the Property and Evidence and the Central Supply Units in the Bureau of Administration. Two existing Senior Property Specialists have assumed the supervisory functions of these Units, with no service level impacts. Implementation of this proposal will generate 2003-2004 savings of \$17,491. (Ongoing savings: \$105,148)

**Performance Results:**

No changes in service levels are anticipated to result from this action.

### Recreation and Cultural Services CSA

- |  |               |                 |                 |
|--|---------------|-----------------|-----------------|
| <b>5. Community Action and Pride Grant Program</b>                               | <b>(1.00)</b> | <b>(89,709)</b> | <b>(89,709)</b> |
| <i>City-Wide Expenses/<br/>Parks, Recreation &amp; Neigh Services Department</i> |               |                 |                 |

This action eliminates a recently vacated Community Coordinator position. This position provided technical support to Community Action and Pride Grant (CAP) applicants and recipients as well as supports the grant review committee and monitors award results and issues. Existing staff have already assumed the functions of this position, with no impact to the process of providing funds to CAP recipients. (Ongoing savings: \$89,709)

**Performance Results:**

No changes in service levels are anticipated to result from this action.

- |  |               |          |                  |
|--|---------------|----------|------------------|
| <b>6. Parks Capital Improvement Program Division<br/>Funding Shift</b> | <b>(0.00)</b> | <b>0</b> | <b>(395,065)</b> |
| <i>Parks, Recreation &amp; Neigh Services Department</i>               |               |          |                  |

This action shifts support of 2.95 positions from the General Fund to the Parks Construction and Conveyance Tax Fund whose activities they support. These positions currently support scoping as well as master planning recreation facilities, completing the City's 100-mile trail system, managing grants, and implementing the Greenprint along with many of the priority items with the various Strong Neighborhoods Initiative Plans. Implementation of this proposal will generate 2003-2004 General Fund savings of \$65,844. (Ongoing savings: \$0)

**Performance Results:**

No changes in service levels are anticipated to result from this action.

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## 2004-2005 PROPOSED OPERATING BUDGET: ACCELERATED PROPOSALS Proposal Detail (Cont'd.)

Proposed Changes	Positions	2004-2005 All Funds (\$)	2004-2005 General Fund (\$)
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### Transportation Services CSA

<b>7. Right-Sizing of Traffic Capital Improvement Program Staffing</b> <i>Transportation Department</i>	<b>(5.00)</b>	<b>(422,309)</b>	<b>0</b>
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This proposal would eliminate 5.0 vacant positions funded by the Traffic Capital Improvement Program (CIP). Funding levels in the Traffic CIP have declined due to a reduction in the development-related taxes that support the program and a reduction in the availability of regional transportation grants. In addition, significant general purpose transfers to General Fund are being funded out of the Traffic CIP. This action would ensure that the number of Department of Transportation staff charging to the Traffic CIP accurately reflects the available funding for capital projects. Similar reductions are also recommended by the Department of Public Works for its staff who have in the past charged their costs to the Traffic CIP. (Ongoing savings: \$422,309)

**Performance Results:**

**Quality** Although fewer projects are being funded and staffed in the Traffic CIP, this action would have no effect on the quality of project delivery.

### Strategic Support CSA

<b>8. Benefits Administration Funding Shift</b> <i>Employee Services Department</i>	<b>0.00</b>	<b>0</b>	<b>(309,189)</b>
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Several positions in the Employee Services Department are dedicated to the administration of benefits. This proposal permanently shifts 3.2 positions (1.5 Staff Technician, 1.2 Analyst, and .5 Division Manager) from the General Fund to the Benefits Funds (Dental Insurance, Life Insurance and Unemployment Insurance) to more accurately align budgeted staffing levels with anticipated workload. The 2003-2004 General Fund savings associated with this proposal has already been included in the department's previously approved 2003-2004 Cost/Position Management Plan. (Ongoing savings: \$0)

**Performance Results:**

No change to service levels will result from this action.

<b>9. Safety Analyst Funding Shift</b> <i>Employee Services Department</i>	<b>0.00</b>	<b>(93,688)</b>	<b>(93,688)</b>
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This proposal would shift funding for a Safety Analyst position in the Employee Services Department from the Department's General Fund appropriation to the Worker's Compensation Claim appropriation in City-Wide Expenses. The costs associated with this funding shift would be absorbed in the Worker's Compensation Claims appropriation from savings gained by this position's efforts in decreasing claim costs. Implementation of this proposal will generate 2003-2004 savings of \$93,688. (Ongoing savings: \$93,688)

**Performance Results:**

No change to service levels will result from this action.

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## 2004-2005 PROPOSED OPERATING BUDGET: ACCELERATED PROPOSALS Proposal Detail (Cont'd.)

Proposed Changes	Positions	2004-2005 All Funds (\$)	2004-2005 General Fund (\$)
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### Strategic Support CSA (Cont'd.)

<b>10. Service Yards Management Funding Shift</b>	<b>0.00</b>	<b>0</b>	<b>(150,410)</b>
<i>General Services Department</i>			

This proposal transfers one half of the funding for 3.0 positions (1.0 Analyst, 1.0 Trades Supervisor, and 1.0 Associate Engineering Technician) from the General Fund to the Service Yards Construction and Conveyance Tax Fund. It is recommended that the Service Yards Construction and Conveyance Tax Fund provide for one-half of the Trades Supervisor and Associate Engineering Technician to cover work performed by these positions on behalf of the Service Yards, including being readily accessible to the Service Yard users should any problem arise. The shift of funding for the Analyst is appropriate as this position supports the development of the Service Yards Capital Improvement Program. Implementation of this proposal will generate 2003-2004 General Fund savings of \$23,828. (Ongoing savings: \$0)

**Performance Results:**

No change to service levels will result from this action.

<b>11. Software/Hardware Technology Efficiencies</b>	<b>0.00</b>	<b>(62,000)</b>	<b>(62,000)</b>
<i>Information Technology Department</i>			

This action eliminates parts and services for repair and maintenance of laptops in public safety vehicles. With the replacement of vehicle laptops through the Communications Capital Program, it is anticipated that post warranty maintenance for laptops will no longer be required. In addition, outside services for manual timecard data entry have been eliminated. Due to the implementation of electronic data capture systems, the number of paper timecards that require manual data entry has been reduced. Implementation of this proposal will generate 2003-2004 savings of \$62,000. (Ongoing savings: \$62,000)

**Performance Results:**

**Quality** No impact to current levels of service due to the small number of older laptops remaining in public safety vehicles. In addition, the number of timecards that currently require manual data entry can be accommodated with existing City staff. However, back-up services may need to be procured on an emergency basis.

<b>12. Technology Support Staffing Funding Shift</b>	<b>0.00</b>	<b>0</b>	<b>(178,814)</b>
<i>Information Technology Department</i>			

This action reallocates funding for 1.5 positions (0.50 Senior Systems Applications Programmer, 1.0 Information Systems Analyst) to more accurately reflect the technical support given to the development of the Capital Improvement Program and the Library system. The Senior Systems Applications Programmer position will be funded by various Capital Funds. The Information Systems Analyst position will be funded by the Library Benefit Assessment District Fund. Implementation of this proposal will generate 2003-2004 savings of \$28,880. (Ongoing savings: \$0)

**Performance Results:**

**Quality** No change to service levels will result from this action.

# CITY OF SAN JOSE

## 2004-2005 PROPOSED OPERATING BUDGET: ACCELERATED PROPOSALS Proposal Detail (Cont'd.)

Proposed Changes	Positions	2004-2005 All Funds (\$)	2004-2005 General Fund (\$)
<b>Strategic Support CSA (Cont'd.)</b>			
<b>13. Right-Sizing of Public Works Capital Improvement Program Staffing</b> <i>Public Works Department</i>	<b>(28.00)</b>	<b>(2,406,769)</b>	<b>0</b>
<p>Public Works staff has completed a department-wide staffing analysis for the 2004-2005 Capital Improvement Program (CIP). Results of this analysis indicate 28.0 vacant positions will not be required to support the 2004-2005 CIP workload. Funding levels in the CIP have declined due to a reduction in the development-related taxes that support the program and a reduction in the availability of regional transportation grants. The elimination of positions include: 1.0 Analyst, 4.0 Associate Engineer, 2.0 Associate Structure/Landscape Designer, 4.0 Building Inspector Combination, 3.0 Engineering Technician, 1.0 Engineering Trainee PT, 1.0 Geographic Systems Specialist, 1.0 Heavy Equipment Operator, 1.0 Instrument Person, 1.0 Office Specialist, 2.0 Real Property Agent, 2.0 Secretary, 1.0 Senior Accountant, 1.0 Senior Construction Inspector, 1.0 Senior Engineer, 1.0 Staff Specialist, and 1.0 Structure/Landscape Designer. Implementation of this proposal will generate 2003-2004 savings of \$400,805. (Ongoing savings: \$2,406,769)</p> <p><b>Performance Results:</b>  <b>Quality</b> This action would have no effect on the quality of project delivery as the proposed reductions align with anticipated workload reductions in the CIP.</p>			
<b>2004-2005 Proposed Changes Total</b>	<b>(35.00)</b>	<b>(3,713,558)</b>	<b>(2,057,495)</b>